



Market Brief for Turkey

Turkey, having a population of 70 million people, is a growing market for the medical products and services sectors. In fiscal year 2005, US\$ 4.016 billion was allocated to the Turkish Ministry of Health by the Government of Turkey (GOT). The Ministry of Health (MOH) budget for FY 2005 showed a 15.07% increase compared to that of FY 2004. The Ministry's budget stood at around 1.13% of the Gross National Product in 2005. Additionally, in FY 2005 consolidated budget, the GOT, allocated US\$ 2.552 billion to spending on healthcare, for the purchase of goods and services.

Compared to other OECD countries Turkey has a low profile, in terms of health expenditures. However, when health expenditures are considered as percent of the GDP, the country is viewed at higher level. Thus, as a percent of GDP devoted to health expenditures, Turkey is on average with its peers.

There are 1,191 hospitals, 4,095 independent laboratories and 19,627 physician offices in Turkey. More than 90% of the hospitals are owned by the public; generally by the Ministry of Health. The bed capacity was 180,797 in 2003 and it is targeted to reach 200,000 by the end of 2005, within the scope of the VIII. Five Years Development Plan. The total number of medical equipment owned by the Ministry of Health and other health related institutions, from year-end 2003, was as follows:

Computerized Tomograph: 516

Magnetic Rezonans: 211

Ultrasonograph: 3063

Scintigraphy: 157

Mammograph: 456

Gastroscope: 492

Laparoscope: 623

EEG: 288

More than 60 % of the health expenditures are devoted to medical services alone, while medical devices constitute a smaller portion of the total overall health expenditure budget. Major health services are provided by both public and private hospitals. Approximately 40% of in-patient and 56% of the outpatient expenses are financed by the public sources.

The medical equipment market in Turkey is estimated to be around US\$ 2 billion. The United States maintains the largest market share among imports and is strong in radiology, surgical equipment and supplies, pathology and laboratory equipment, and hospital furnishings. The U.S. is followed by the EU member countries and Japan.

The largest single buyer of medical products is the Ministry of Health and its healthcare facilities. Teaching hospitals, university hospitals, and the private hospital system, as well as private physicians' offices are also among potential buyers of U.S. medical products. Market growth for medical products is expected to continue due to the expansion of private sector health care services, rising expectations among patients, and efforts of some private hospitals towards attracting foreign patients. Modern private hospitals in Istanbul, Ankara and Izmir have set new standards for the health sector in Turkey. Many existing hospitals are launching renovation projects in order to compete. The private sector strives to import equipment with advanced technology, an area where the United States has a good reputation. In addition, Turkey is looking to leverage its location at the crossroads of Europe, the Middle East and Central Asia to advance health care tourism to Istanbul and other major health care delivery sites throughout Turkey. A number of private clinics have been attracting foreign patients undergoing treatments ranging from cardiology to cosmetic surgery.

Transformation of the Health System in Turkey

Turkey relies on imports for a large portion of its sophisticated medical equipment needs. The "Health Reform Project" of the 1990's foresaw a gradual privatization of hospitals and the introduction of the "family physician" system. The reform program comprises service delivery, finance, administration/management, human resources, the establishment of a national health academy and the creation of a management information system in the health care services sector. As the second phase of the program, the GOT has engaged in a project with the World Bank worth US\$ 200 million involving the transformation of the healthcare system in Turkey. Five major goals are pursued within the scope of this project:

- 1) Reconstructing the administrative and functional structure of the Ministry of Health, giving autonomy to the independent units (hospitals, polyclinics, etc.)
- 2) Establishing a unified social insurance system
- 3) Establishing a family practitioner system
- 4) Establishing a health accreditation system
- 5) Establishing an electronic health information system

Market Strategy

Most medical equipment suppliers prefer to appoint national and, usually, exclusive distributors in Turkey. The distributor/importer is knowledgeable about shipping products into Turkey, and about building a good reputation with Turkish customers. Currently a large majority of U.S. manufacturers use exclusive distributors to export to Turkey. Prospective agents should be selected on the basis of their organizational and technical ability to support a manufacturer's products in Turkey's own unique national environment. They should be evaluated over time to be sure that they have also earned the respect of customers. The distributor is responsible for advising the manufacturer about the customers' preferences and specific sales requirements. In interviews with hospital buying offices in Turkey, a manufacturer's performance was equated with the performance of its distributor. In short, a good distributor is the single most important key to success in this market. The critical need, therefore, is to be cautious in the selection of a Turkish distributor.

New Medical Device Regulations in Turkey - Turkey Adopts European Union Industrial Directives (CE Marking)

Turkey is in a transition phase and has adopted the New Approach Directives of the European Union. According to the New Approach Directives, medical devices fall under one of the three directives.

90/385/EEC Medical Devices: Active Implantable,

93/42/EEC Medical Devices: General,

98/19/EC Medical Devices: In Vitro Diagnostic

All medical devices, imported or locally produced, must be CE marked in order to be sold into the Turkish market. Custom made medical devices intended for clinical investigations and made available to specialist doctors, and the medical devices that will be displayed during fairs and exhibitions do not have this requirement of needing the CE mark.

Equipment meeting the directive definition of products needing to conform to EU technical regulations must have evidence of meeting the requirements either through verified laboratory testing conducted by an EU approved notified body or by a manufacturer's self-declaration if the directive dictates. Companies selling to the Turkish market must submit evidence of conformity compliance (CE Mark) either by providing a notarized/consularized conformity certificate from a notified body or a manufacturer's issued certificate of conformity, which declares compliance of all relevant standards and directive annexes

MOH bans the importation of used/refurbished medical devices.

In order to obtain more information about the Turkey's Healthcare Medical Market, please contact Commercial Assistant Ms. Ozge Cirika at Ozge.Cirika@mail.doc.gov.